

10 Point Checklist for People with IRS Problems

- Ensure tax returns are filed for all years. Until this is done, there is no point in proceeding.
- Stay current on income taxes. If you have a dispute with the IRS over one or more previous years, you have a tax dispute. There is nothing wrong with having a tax dispute—you just need to settle it in a businesslike manner. If you are refusing to pay the federal income tax, then you are a tax protestor and you are simply asking for trouble.
- Obtain your transcript. You need to know your tax history to determine the real issues. IRS is not good at communicating things. The burden of knowledge is on you. The GAO reports a high rate of mistakes on the part of the IRS, which is another reason to obtain your transcript.
- Review with qualified attorney. Many people take the position, “I can handle this myself and save a lot of money on legal fees.” This is a “famous last words” approach. The tax code is over 65,000 pages long. The IRS Manual holds many traps for taxpayers. Work with an attorney specializing in tax law.
- Ensure records are well-organized. This includes paper, as well as electronic.
- Keep a file for this dispute. Buy a small portable filing box that is large enough to hold two dozen hanging files.
- Read related information. An excellent resource is www.irs.gov. Be aware that many “anti-IRS” Websites offer information that can only worsen your situation.
- Pay down unsecured debt. When reviewing your finances, IRS considers this debt entirely your problem. Discuss with your attorney the idea of paying off unsecured debt with other forms (it may be inadvisable under some conditions).
- Fill out Form 433A. This form is the basis for an Offer In Compromise. But, don’t fill it out for that purpose. The exercise of filling it out will force you to gain a clear picture of your financials and your tax stance. Think of it as a business plan for settling your taxes.
- Develop a scheduling system for working on this problem. If you have MS-Outlook, you can use that. You must devote time to this, but not so much it drives you nuts. Small chunks at a time work best.